Organizational Leadership and Participative Management
Author(s): Chris Argyris
Source: *The Journal of Business*, Vol. 28, No. 1 (Jan., 1955), pp. 1-7
Published by: The University of Chicago Press
Stable URL: http://www.jstor.org/stable/2353517
Accessed: 21/06/2014 18:06

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THE JOURNAL OF BUSINESS

The School of Business of the University of Chicago

VOL. XXVIII *JANUARY 1955* *No. 1*

ORGANIZATIONAL LEADERSHIP AND PARTICIPATIVE MANAGEMENT

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IMPORTANCE OF PARTICIPATION

"PARTICIPATIVE management" and "democratic leadership" are phrases that are currently in the limelight in most management circles. These phrases are taken to mean that the subordinates should be given an opportunity to participate in the various decisions that are made in their organization which affect them directly or indirectly. Many executives, consultants, and research scientists, including the author,[1] have written and continue to write about the advantages of participative management. These people encourage supervisors and executives to increase the employees' participation in various organizational activities, especially in the decision-making process. They point out that, among other things, studies show that participative management tends to (1) increase the degree of "we" feeling or cohesiveness that participants have with their organization; (2) provide the participants with an over-all organizational point of view instead of the traditionally more narrow departmental point of view; (3) decrease the amount of conflict, hostility, and cutthroat competition among the participants; (4) increase the individuals' understanding of each other which leads to increased tolerance and patience toward others; (5) increase the individual's free expression of his personality, which results in an employee who sticks with the organization because he (i.e., his personality) needs the gratifying experiences he finds while working there; and (6) develop a "work climate," as a result of the other tendencies, in which the subordinates find opportunity to be more creative and to come up with ideas beneficial to the organization.

Although these trends are admittedly desirable, many supervisors and executives ask, "Exactly how far can this notion of participation and democracy be carried out?" Lately we have been asking ourselves the same question. Although we cannot answer it completely within the space of this paper, we would like to present for the reader's consideration some preliminary thoughts on the matter.

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* Research project director, Yale Labor and Management Center The author wishes to express gratitude to Professor E W. Bakke, director of the Yale Labor and Management Center. Many of the theoretical notions presented in this paper find their bases in and acquire much of their content from his writing, especially *Organization and the Individual* (New Haven Yale Labor and Management Center, 1952)

For a concrete case study of the problems discussed in this paper see Chris Argyris, *Executive Leadership* (New York Harper & Bros., 1953)

[1] Argyris, "Techniques in Member Centered Training," *Personnel*, XXVIII, No. 3 (November, 1951), 236-46

FACTORS INFLUENCING THE SUCCESSFUL INTRODUCTION OF PARTICIPATIVE MANAGEMENT IN AN ORGANIZATION

Much attention has been given and continues to be given to (1) the executives' feelings and attitudes about participative management; (2) the small informal groupings within the organization; and (3) the personnel policies of the organization. The assumption is that these are the three crucial factors in making participative management work.

We agree that these three factors are crucial, but we would like to add another. It seems to us that the kind of organizational structure within which these factors operate is also crucial. It is this factor that we propose to examine further.

How may we characterize the nature of most modern industrial and business organizations? One way to answer this question is to note the underlying rules or principles used by administrators to create and administer these organizations.

Simon defines some of the more common principles of administration upon which organizations are based as:

> 1. Administrative efficiency is increased by a specialization of the task among the group. [Specialization.]
>
> 2. Administrative efficiency is increased by arranging the members of the group in a determinate hierarchy of authority. [Unity of Command.]
>
> 3. Administrative efficiency is increased by limiting the span of control at any point in the hierarchy to a small number [Span of Control][2]

These principles serve as the basis for the definition of organizational structure. They point out the kind of organization within which we usually try to introduce participative management programs. The question arises, "What problems can we predict will tend to arise when we try to introduce participative management to such an organization?"

In order to answer this question, we find it necessary first to re-examine and perhaps to redefine exactly what we mean by "organization."

A CONCEPT OF ORGANIZATION

We may begin by defining an organization as an aggregate of parts (e.g , individuals, departments) integrated into an organized "whole."[3]

How do these parts (e.g., individuals) become integrated into an organized whole? Research at the Yale Labor and Management Center indicates that the following *organizational processes* must be performed if an aggregate of individuals is to become an organization:

1. A *Work-flow Process* to define the behavior sequence that the parts of the organization must accomplish to achieve the objective (e.g., in a shoe factory a series of behavior sequences must be set up which people must perform in order to produce shoes)
2. A *Reward and Penalty Process* to induce people to do the work the organization assigns to them (in other words, the Reward and Penalty Process "taps" human motivation by rewarding or penalizing according to the acceptability of the actions performed)
3. An *Authority Process* to direct the employees in order that the organizational requirements be met
4. A *Perpetuation Process* to maintain and re-

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[2] Herbert A. Simon, *Administrative Behavior* (New York· Macmillan Co , 1947), pp 20–21.

[3] More specifically, an organization may be defined as (1) any aggregate of parts (2) in a hierarchical order (3) co-existing (4) and interrelated in such a unique manner (5) that the parts are able to maintain themselves only through this unique interrelatedness; (6) and simultaneously these parts work together in order to achieve the purpose which the organization is intended to achieve (7) And to achieve Nos 5 and 6 by adapting, within the limits, to any external influences, thereby (8) maintaining the characteristic interrelated state of these parts (i e., maintaining organization).

plenish the basic resources of organization (men, materials, and ideas)

5. An *Identification Process* to select and define clearly understood emotionally toned symbols, concepts, or other such aspects which will help individual employees identify with the organization as a whole, which in turn automatically helps to point out the uniqueness of the organization in the larger environment in which it is imbedded
6. A *Communication Process* to provide media and paths for communication

In other words, according to this scheme, we assume that an organization cannot exist unless someone performs at least these essential (but not sufficient) processes. We may now begin to understand how the principles of specialization and unity of command affect the possibilities of successfully initiating "participative management" in organizations.

Let us assume that we have a plant all set up to manufacture shoes We have purchased the plant, the equipment, and the materials necessary to produce our product. We now need only "labor" to make the shoes We hire these employees, and, if we administer our organization according to the modern management principle of task specialization, we will assign them to the specific task (or set of tasks) of making shoes. In terms of our outline this means that we assign them to tasks in the work-flow process.

But, according to our definition of organization above, these employees cannot be welded into an organization because they lack the remainder of the organizational processes (e.g., authority, reward and penalty, etc.). In order to provide these processes and thus create an organization out of this aggregate of people, we create a new job containing the missing processes. We give the person who takes this job control over the authority, reward and penalty, perpetuation, and other processes. We call this person the "organizational leader." Now, the employees who are making the shoes can be welded into an organized unit. But, to do so, they must by definition become dependent upon the organizational leader for the missing processes of organization. They must turn to him for their authority, reward and penalties, perpetuation, etc. Thus the principle of unity of command is now "translated" into the principle that the subordinates are to report to one leader and are to be dependent upon him for certain crucial activities.

In other words, the scheme suggests that what is customarily called "the principle of unity of command" is actually the principle of inducing the subordinates to follow the leader by making them dependent upon him and by paying them to accept this dependence. There is, therefore, a "built-in" sense of dependency of the subordinates upon the organizational leader [4] This dependency, we suggest, is inevitable if we follow the principles of task specialization and unity of command.

DO DEPENDENCE AND PARTICIPATION GO TOGETHER?

The question arises, "How truly participative (i.e , how spontaneous and free) can subordinates be if they are to be dependent upon their leader?" "How much democracy can we have if the power lies in the one who leads and not in the ones who are led?" Or, if we take the leader's point of view, "How democratic can he be if his job *is* to control the processes of organization?" Unfortunately, these and other similar questions are not answered by the many interesting and provocative studies in small-group dynamics from which so much of our information about the value of participation stems. The reason is that most of the research is based upon experimentally created or actual groups whose basic purpose is *not* to give any one leader a "life-or-death grip" (to quote an employee) on the other members of the group. Leadership in these groups seems to arise at any given time from the individual's ability to fulfil the needs of the other members of the group. It does not arise because of any predetermined power of any one member over the other members of the group.

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[4] The leader is dependent upon the subordinates in terms of the work flow; he depends upon them to produce

Although we also do not have a clear-cut answer to the question of "How much participation is possible?" there are some implications in our analysis which might be useful in eventually helping us to arrive at an answer. We discuss some of these implications below.

A BASIC CONFLICT BETWEEN ORGANIZATION DEVELOPMENT AND PERSONALITY DEVELOPMENT

If the modern management principles (e.g., unity of command, task specialization, span of control, etc.) are to obtain *ideal* expression in an organization, the management would have to assign nonsupervisory employees to a job which tends to (1) permit them little control over their work-a-day world; (2) place them in a situation where their passivity rather than initiative would frequently be expected; (3) lead them to occupy a subordinate position; (4) permit them a minimum degree of fluidity (variety) and emphasize the expression of one (or perhaps a few) of the agent's relatively minor abilities; and (5) make them feel dependent upon other agents (e.g., the boss).[5]

The problems that would tend to arise if we assign people to such jobs can be seen by asking the following questions, "What sorts of personality characteristics do people in our culture tend to exhibit?" Or, to put it another way, "What needs do relatively normal adults in our culture have?" "Would these needs be able to find some such expression in a job situation as the one we describe above?"

A somewhat detailed analysis of much of the material available on the development of the human personality suggests that people in our culture (1) tend to develop from receiving and incorporating aspects of culture as an infant to controlling, using, redefining, and helping others incorporate these aspects of culture as an adult; (2) develop from a state of being passive as an infant (i.e., having other people initiate action for them) to a state of being increasingly active as an adult (i.e., they initiate action as much or more than other people toward them); (3) develop from being capable of behaving only in a few ways and in a rigid manner as an infant to being capable of behaving in many different ways and behaving in a flexible manner as an adult; (4) develop from being in a subordinate position in the family and society as an infant, to occupying a more equal and/or superordinate position in the family and society as an adult; and (5) develop from a state of high dependence on others as an infant to a state of independence and finally to a state of interdependence in their society as an adult.[6]

If we assume, for a moment, that the people who come to work for us are relatively normal, then may we not conclude that these people will tend to desire to find work which will help them fulfil some combination of the above trends? (The exact combination naturally depends on the individual.) In order to accomplish this, an individual would require a job in which he can (1) define for himself a ratio of activity (initiation of action) to passivity where activity is greater than passivity (passivity defined as others initiating action for the individual); (2) define for himself a position equal and/or superordinate to the other people with whom he interacts; (3) define for himself tasks where he is able to provide expression for the many learned ways of behaving that are important to him (this includes the expression of important abilities, needs, sentiments, and personal goals); (4) define for himself a sense of fluidity and flexibility that is comparable to his personality fluidity and flexibility; (5) express feelings of independence and interdependence in relation to the other people in the organization; (6) feel that he has the respect of other individuals who are important in his life; and (7) obtain from his job a degree of creature sufficiency he desires.[7]

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[5] F W. Taylor, *Scientific Management* (New York Harper & Bros , 1947), and R. Urwick, *The Elements of Administration* (New York Harper & Bros., 1944)

[6] Chris Argyris, *Personality Fundamentals for Administrators* (rev. ed.; New Haven Yale Labor and Management Center, 1953).

Thus, relatively normal individuals are characterized as "having built into them (through the process of growing up) tendencies to be active, to be independent, to be flexible, and to express their many and varied abilities," etc. Job situations, on the other hand, are described as requiring an individual to be passive, to be dependent, and to express only one or two abilities.

The job requirements are clearly different from, and in some cases antagonistic to, the requirements of relatively normal individuals. However, they *are* substantially similar to the requirements of an infant in our culture.

Thus, we are led to conclude that it would be difficult for the organization to place relatively normal adult individuals in "ideal" job (i.e., from the organization's point of view) situations without creating difficulties. Similarly, it would be difficult for the individual to obtain ideal personality expression without blocking the efficient expression of the organizational principles.

There are a number of ways out of such a dilemma for both the employees and the management. For example, some recent research at the Yale Management and Labor Center indicates that employees may adapt to their working situation in various ways. Individuals may (1) leave the organization; (2) accept the frustration on the assumption that if they work hard they will eventually be

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[7] It seems necessary that we pause for a moment and make a few important comments concerning the listing just presented

First, we want to emphasize that the exact combination of these requirements and the degree to which each one of them is to be fulfilled for any given individual can be ascertained only by analysis of that individual case. Thus, it is possible that Individual A, for example, requires primarily 1, 2, and 4, with an emphasis on 1. On the other hand, Individual B may require that all the above be fulfilled, with an emphasis on 5 and 6.

It is also conceivable that Individual C may desire 1 *not* to be active, *not* to have an equal or superordinate position; 2 *not* to desire to feel independent; 5, etc According to our viewpoint, this adult would have to be classed as "not matured." He is still at a more childlike stage of development. Psychologists may call him "fixated" at an earlier stage of development. This individual would not require a function which permits him to accomplish the items suggested in 1–7.

The point we want to emphasize is that we are *not* eliminating individual differences, nor are we imposing our developmental scheme on everyone. This is not a "budding rosebud" theory. We are simply suggesting that a normal individual, living in and interacting with our culture, will tend to exhibit these developmental trends but in his own unique combination. If the individual does not depict any of these trends, then we would suggest that, broadly speaking, he is not mature and that he will tend to be in equilibrium in the kind of function in which a mature individual will not be in equilibrium raised to a leadership position; (3) become apathetic and not "give a damn" about their work; (4) create informal activities and informal groups to help them adapt (if the groups are found to be effective, the individuals may desire to stabilize them and make certain that these groups will always exist; this might be accomplished by the individuals bringing to bear upon the work situation power which is inherently theirs, i.e., that which comes from the political, social, and economic privileges given to all people in this country; thus, the groups may be stabilized in the form of trade-unions); and (5) come into the organization prepared (through culture training) to expect no high degree of personality expression; this expectation tends to act to reduce the negative effects of the actual lack of personality expression obtained on the job.

Management, on the other hand, may act to minimize the difficulties by decreasing the employees' dependence upon the organization leader.[8] This is one of the main objectives of increased employee participation in decision-making. The point we would make is simply that, if we are to use participation to decrease dependency, then we may also have to change the nature of our organization. Our organization is no longer being administered by the principles described above. In short, participative management implies a different set of organization principles.

If what we have said to date makes sense, then clearly there are some interesting implications for executive training. First, is there not a need for a re-examination of the basic structure of organization as defined by traditional administrative principles? Perhaps a different type of organization structure is necessary if "participative management" is really to work. Until such basic changes are made, might it not be more realistic to teach participative management principles to executives *after* they have been helped to understand the effects that this basic dependency relationship has upon the employees? We could teach them to understand the nature of a dependency relationship and point out how it conflicts with normal personality needs.[9] This would help the supervisors gain more insight into the "why" of the often-observed apathetic, disinterested behavior on the part of employees. It would help the supervisor to understand the *adaptive value* of the many informal activities that employees create but which management may dislike. .For example, what would happen if the supervisor is helped to realize that apathy may be a healthy way to adapt to the type of work situation in which a person is usually placed? Would it not lead the supervisor to ask himself, "How can I minimize this dependency relationship and reduce the number of personality-blocking aspects of the organization without detracting from the efficient management of the organization?" He would do this *before* he spent hours making "morale" speeches about "everybody getting on the team."

Moreover, would not this knowledge

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[8] Management may also decrease the negative effects of specialization through "job enlargement." In terms of our framework, this means giving employees more work-flow tasks. Our research suggests that an increase in work-flow tasks does not necessarily lead to better-adapted individuals. It is the inclusion of authority, reward and penalty, and perpetuation tasks that really counts.

[9] For further discussion of these points see the author's "Executive Leadership Developing It in Yourself and in Others," speech before the Harvard Business School Club of New York, February, 1954 (to be published as a chapter of a monograph by the McKinsey Foundation for Management Research, Inc).

help us learn to set realistic limits to participative management, thereby making the supervisors more secure in its use? It seems to us that one reason many supervisors resist participative management is that they feel that there are no limits to its use. Also, would it not help to alleviate, or at least to decrease, the often-produced feelings of inadequacy and perhaps guilt that supervisors have after listening to how democratic they ought to be?

We close with this point. Let nothing in this paper be construed to mean that we are implying that modern management principles are "bad" or that apathy and indifference on the part of members of organizations are "good." We are simply trying to spell out what *is*. It seems to us, if we all (employees and executives) understand the basic difficulties inherent in organization, there should result a greater tolerance for and patience and understanding of the organization's problems, our own problems, and the problems of others.